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CIN: L85110KA1987PLC008739

16 November 2023

To
Corporate Relationship Department
BSE Limited,
1st Floor, Rotunda Building,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

To
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051.

Dear Sir/Ma'am,

Scrip Code: BSE- 530549/ Stock Symbol: NSE – SHILPAMED

Sub: Transcript of the Q2 Conference call

In furtherance to our intimation dated 7 November, 2023 and 11 November 2023 with regard to the Q2 FY24 Conference call held on Saturday, 11 November 2023 at 11.00 AM IST, please find the enclosed transcript of the call.

Thanking you,

Yours faithfully

For **SHILPA MEDICARE LIMITED**

Ritu Tiwary
Digitally signed by Ritu Tiwary
Date: 2023.11.16 12:32:15 +05'30'

Ritu Tiwary
Company Secretary and Compliance Officer

Shilpa Medicare Limited

Q2 FY24 Earnings Conference Call

November 11, 2023

Moderator: Ladies and gentlemen, good day and welcome to Shilpa Medicare's Q2 FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and anyone who wishes to ask a question may enter star and one on their touchtone phone. To remove yourself from the queue, please enter star and two. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Siddharth Rangnekar from CDR India. Thank you and over to you Mr. Rangnekar.

Siddharth Rangnekar: Thank you, Michelle. Good morning everyone and welcome to the conference call hosted by the management of Shilpa Medicare Limited to discuss the second quarter and first half performance for the period ended September 30, 2023 and the discussion on the strategic initiatives that are underway.

The management is being represented by Mr. Omprakash Inani, Chairman of the company, Mr. Vishnukant Bhutada, Managing Director and Mr. Alpesh Dalal, Chief Financial Officer. We shall have Mr. Bhutada lead the discussion with his perspectives on the businesses performance and the strategic overview. He will be followed by Mr. Alpesh Dalal who will give us perspectives on the financial performance. After the management comments, there will be an opportunity for getting your queries answered.

I would like to state that some of the statements made on today's call could be forward looking in nature and a detailed disclaimer in this regard has been captured in the conference call invitation available on the stock exchange website.

I would now like to invite Mr. Vishnukant Bhutada to take this discussion forward. Thank you and over to you Vishnuji.

Vishnukant Bhutada: Thanks a lot. Welcome to our call to discuss the performance of Shilpa Medicare during the second quarter of the year 2023-2024.

As always, I shall commence with the highlight of the operating performance and touch upon initiatives segment wise. Our CFO Alpesh Dalal will share perspectives on the financial performance by the company. Following our opening comments, we shall invite queries from the participants in order to address those comprehensively.

SML comprises of three segments. Firstly, the API, which is a major segment for us. Building upon our strength in developing and commercializing products, we are moving the business, up-chain. We are exploring the non-oncology API segments, which has a high growth potential or can serve as an import substitute API. We are committed to facilitating the successful introductions of the novel products within API.

We are already engaged with our clients to build the peptide business. As you will be aware that we have completed the required upgradation of our facilities for these forays already. We are moving forward with the polymer as well, where these will be aimed at innovators seeking quality products.

As previously mentioned, we are actively streamlining R&D expenditures and expenditures the monetization process. By concentrating our efforts there, we aim to consistently lower R&D costs, resulting in a substantial saving that will positively impact our cash flow without compromising on the quality of the product research. And of course, the niche product developments.

Within API, we have completed the augmentation of our facilities to offer peptide, polymer, and CDMO services. These new subcategories within API represent a set up in value creation for us, but conversely are associated with a certain gestation period. We are taking exhibit batches of few products to our clients in peptide, and response is likely to translate into firm commitments.

This segment also makes polymers, which are high-end products within API, which we are making for the innovators. Our CDMO business is ramping up well in a sizable order position. We are also venturing up as a strategy into non-oncology APIs, wherever we can make an impact.

During the quarter, we filed six new DMF to add to 237 DMF filings across geographies. Some of these APIs are for the oncology products that will see expire through the 2027.

I am glad to share that Shilpa Pharma LifeScience, Raichur facility for API, completed a GMP inspection by PMDA of Japan successfully. We make oncology and non-oncology products here.

Moving to in a formulation, we are scaling up the launches through our third-party arrangements, preparations are also ongoing for the launch of the Pemetrexed injection in US market via Amneal Pharmaceutical LLC. Another significant product will be SML NUD07, indicated for the NFLD, where we are expecting to complete the study soon in Q4 FY24-25.

Also, one more NDA is actively being reviewed at USFDA. We will be, mostly, we should be able to get that also approval by September, December 2024. We are also adding to the company's complete phase 2 trials for its Topical lotions – SML TOP09 for the treatments of androgenic alopecia.

Product development completed in phase 2 trials, completed in phase 3 trials will be initiated in Q3, '23. Shilpa's SML TOP09 Topical lotion product is covered by the granted patent in the countries up to June 2038 in India, USA, China, Japan, Korea, and the pending patents are reviewed in the Europe. The global alopecia market is valued at $8.2 billion in 2022 and expected to grow at the CAGR of 9% from 2023 to 2030.

I would like to share that our Jadcherla facility has undergone a successful inspection by ENVISA of Brazil in August and also received the GMP approval from UAE and Australia. We utilize this unit for sterile injection and non-sterile oral solids for the cancer and adjuvant therapies. This marks the third major regulatory inspection following Russia, Australia, Canada that were cleared in the last two years.

Recently, our Jadcherla facility also underwent a 'For Cause' inspection that has happened from 9th November with 10 observations. I would like to inform you that none of the observations relates to 'data integrity' or has been listed as a 'repeat observation'.

Our commitment towards the opening of the new market for our product is thus duly exemplified. We also received approval for three products in Mexico market and one of three products is first generic approval in Mexico. Recently, we have received marketing authorization from the UK for beta-hexane dihydrochloride oral dispersible film 24 mg. This is the first of its kind approval for 24 mg strength in a film formulation in the UK. This is very much in keeping with our endeavour to create value in the business through differentiation. This product is used for the treatment of vertigo, hearing loss and nausea associated with the Menière's syndrome. Ours will be the film formulation format, thereby enhancing the patient compliance and ease of administration of the product.

It remains our earnest intention to further de-risk our business mix with the help of differentiated products and the complex products. Our efforts to introduce Transdermal patch based offerings are on track. Our initial products are in a different stage of clinical studies and plans to go for the global market.

Regarding the Biocare facility, this facility is also which is Albumin facility. This facility's construction and the erection is on track and will complete by June 2024. Currently, phase one study is also going on for the Albumin and it is running smoothly. By the time we complete this plan, the phase one study also will be completed.

Speaking now about Shilpa Biologics, we have launched high concentration Adalimumab in India over the brand name ORIADALI™, which is a crucial step into the realm of our biological offerings aimed at enhancing patient comfort in treating Rheumatoid Arthritis. Piggybacking on India approvals and launch our strategy extends to tapping into various international markets with this product.

This marks the first several very good potential products that we have lined up. For the next two years, there will be a series of complex products coming from Shilpa in addition to the extension of the existing products into the new countries.

We are looking at robust improvement in cash flows. As our business mix evolves, we will have a higher stake in higher margin therapies through a new product and platforms. Initiatives are also afloat to reduce cost of operation and cost of development alike and net results being a tighter cost profile that will allow us to retain better margin as growth.

I thus draw my opening remarks to a close and our Alpesh, our CFO, to continue this discussion with his perspective on the financial performance. Alpesh, over to you.

Thank you and happy Diwali to all who are participating and to everyone.

Alpesh Dalal: Thank you, sir. Good morning and happy Diwali to all of you. I will now provide the financial highlights for the second quarter and half year ended 30th September.

So, from a revenue perspective, we reported a strong quarter with consolidated revenues aggregating to INR315 crore, which registered a growth of 20% sequentially and 18% year-on-year. It also helped us improve our profitability with EBITDA of INR62 crore as compared to INR50 crore in the previous quarter and INR16.6 crore during the same quarter last year.

So, we have had significant improvement in EBITDA happening and this immense EBITDA performance has also translated into a positive PAT level result for us. So, for this quarter, we had a PAT of INR1.6 crore as compared to a loss of INR18.6 crore during the same quarter last year.

Now, quickly let's dwell on to into our financials for the first half of FY'24. So, our revenues stood at INR577 crore, reflecting an increase of 8% and EBITDA was at INR112 crore, registering a growth of 148% over H1 of FY'23.

Now moving on to other financial parameters, our net debt as at 31st September was INR840 crore and our capex in the first half was INR64 crore,

majority of which has been invested into our upcoming Albumin manufacturing facility. That has been approximately about INR52 crore of the INR64 crore has been invested in that.

During the first half of current year, we have generated a positive operating cash flow of INR91 crore. Now, these positive cash flows are a direct result of our ongoing effort to streamline our operating expenses and R&D spends without compromising the essential development activities which are crucial for our overall business objectives.

So, by and large, I think that our business is back on track and with those closing remarks, I would like to open the forum for Q&A.

Moderator: Thank you very much, sir. We will now begin the question and answer session. anyone who wishes to ask question may please press star and one on their touchtone phone. If you wish to withdraw yourself from the question queue, you may press star and two. I request you to use only handsets while asking a questions Ladies and gentlemen, please wait for a moment while the question We'll take the first question from the line of Shaikh Mohammad Ayaz, an individual investor. Please go ahead.

Shaikh Ayaz: Hello, good morning. Thank you for the opportunity. Congratulations for the excellent set of numbers. My question is regarding the USFDA 'for cause' inspection with 10 observations with Form 483. How can we take it as a positive or as a negative? What will be the next development regarding the Form 483 we have received in 2020?

Vishnukant Bhutada: So, we have clearly given that this is 'for cause inspection' because in 2020 we received this import alert on this current facility which has been inspected. So, at the closure we have received with the 10, 483 which has also been communicated. But none of this 483 has a repeat observation. And the second one is no data integrity in this. Answering your specific questions, should we take positive or negative? Trust us, nobody will understand or be able to comment on this. That is whatever we know, the fact we have been informed to all these people. We have to submit this report within 15 working days to the FDA on the compliance and the, or the timelines of whatever the observations have been received, which is a normal practice. We will do that.

Of course, we have to take the help of FDA ex-inspectors and all who can help us interact, reply. We are committed to do this. One thing is that the remediation measures which we have been taking and this, whatever we have committed to the FDA, that is the reason why none of this in the 10, the repeat observations are there. That shows that the remediation measures and the commitment what we have given to the FDA has been followed by us. So, we have to submit this report and wait for the FDA. That much I can tell you.

Shaikh Ayaz: How much time it will take maximum and minimum?

Vishnukant Bhutada: No, you never know. You, you do not know what the timeline. We know from our side is that within 15 working days, we have to submit our reports on the observation. Either we have to complete that or we have to give the timelines in that, that when we are going to complete on that. That is in our hand. That's all the review which will be going on to the FDA. That they only know.

Shaikh Ayaz: Okay, that is helpful. Sir, another question is regarding the de-merger and rights issue process. Where it is currently and where it is going forward?

Alpesh Dalal: So, which de-merger are you talking about, Sheikh Ayaz Menon, if I may ask?

Shaikh Ayaz: Shilpa Biological Limited and Shilpa Pharmaceutical something. We are making two companies.

Alpesh Dalal: So, yes, so basically, see what we had done was we had done a slum sale of our API business into Shilpa Pharma Life Sciences from Shilpa Medicare. That anyways got completed on 30th of June 2022. So, it's been more than one year and three, four months, that that has got completed. There is no further de-merger or anything happening there.

And as far as rights issue is concerned, we are, evaluating the overall prospects. We are in active, we are in touch with our board members to determine, you know, the way forward what is required to be done. So, at the right time, we will update the shareholders about where and how we are progressing on that.

Shaikh Ayaz: Okay, so regarding the two entities, another will remain as a subsidiary like that. What is that thing actually?

Alpesh Dalal: Shilpa Pharma Life Sciences, your question is Shilpa Pharma Life Sciences is a subsidiary of Shilpa Medicare? It is. It is a 100% subsidiary of Shilpa Medicare.

Shaikh Ayaz: And what about Shilpa Biologics Limited?

Alpesh Dalal: Shilpa Biologics is also 100% subsidiary.

Shaikh Ayaz: Okay, so both will remain as the same. Shilpa Medicare is the whole owner of both companies, right?

Alpesh Dalal: That is correct.

Shaikh Ayaz: Ok. Thank you. Thanks a Lot.

Moderator: Thank you, sir. We'll take the next question from the line of Tushar Bohra from MK Ventures. Please go ahead.

Tushar Bohra: Yes, thanks for the opportunity. Wishing everyone a happy Diwali and congratulations to the management for a much better set of numbers this time.

Sir, a couple of questions. First, just want to understand in more detail the licensing and the strategies that we are working towards monetization of the different products through licensing, income and collaborations.

Because it looks like it will be a consistent and meaningful component of the overall revenue and especially in terms of profitability. So, if you can qualify the opportunities that you're pursuing in licensing and monetization of specific products?

Vishnukant Bhutada: See, as we have mentioned, that we are working on a differentiated and the complex products, either in the injectable and the oral. So, both segments we are working. So, what we have done it for the last three, four, five years, whatever we have done, we wanted to have the consistent monetization of our assets.

So, it is not that the one-off things will happen and the next quarter it will not be there. We're trying to see that once we have a Phase 1 completed or the pivotal bio is over or after filing, we wanted to have this, the licensing

arrangement, which whatever the current licensing fees what we are getting in last two quarters is with the either on the initial stage licensing fees is there.

So, whatever currently we are doing it in the licensing arrangement is for the monetization of the assets currently we are having it in our R&D pipeline.

That shows that the company trusted us because nobody will give the licensing fees without verifying the documents and without getting them certain that the product has its strength and once they launch into their respective markets, they will get a revenue, much more revenue what they are giving it to us currently. So, this is the one licensing revenue. Then we have a supply arrangement. Then we have some parts, some products where we have profit share arrangement also along with that. So, this is what currently we have given a thought process on our monetization of our existing assets and we continuously earn on the whatever the products currently we have it.

Tushar Bohra: So, just to further understand this, maybe how many products from your existing set have you qualified where you think that there are licensing opportunities, which can be pursued? And or What is the licensing revenue component? Do you think that on average over the next few quarters consistently we may be able to book some quarters will be more lumpy? But is there some guidance that we can have as to what percentage of the revenue would come from licensing income across say FY '24 or FY '25? Generally, how this would work?

Vishnukant Bhutada: Answering your question of percentage of revenue is really not possible to answer this. Currently, what we are trying to whatever the two quarters you are seeing it, another two quarters, three quarters definitely we have a visibility of at least two quarters where the licensing revenue will be there. One more question which you have it that the how certain we are there? So, I mentioned that the two quarters definitely will have this the next two quarters for sure. And as and when we progress, Phase 1 to Phase 3, Phase 3 to filing, this continuous these things will be there.

I mentioned already the like one more NDA is also at the review stage at the active review stage at the FDA, like Pemetrexed, like the one more product we have it, which is already disclosed also, Bortezomib RTU, which is the RTD,

that also product is now at the final review at the FDA. After this inspection, probably the whatever we were eagerly awaiting these FDA inspections at our Jadcherla facility.

Now, it has been inspected. Now, we need to comply whatever the observations they are given it and submit them the satisfactory reply. This is the most crucial event. Now, without that we were having this the revenue at our portfolio. Once we get cleared, hopefully, if we do that and submit the report and FDA accepts, then the licensing revenue can be continuously will be there and more also it will be there.

Tushar Bohra: Got it, sir. Next question, just to understand where we are on the Albumin, I understand Phase 1 trials are in progress, you mentioned on the facility also, but we were also looking at developing Albumin for other grades, right? Excipient grade and so where are we on that opportunity, sir?

Vishnukant Bhutada: Yes, you are correct. The Albumin in the therapeutic grade is one grade, which is widely used because this is a therapeutic grade and all over the world there will be always shortage and there is a huge requirement of this. With the tag that this is at the price is the little lower in the market. But now we are working the Phase 1 study which is going on for therapeutic grade.

For the excipient grade, which is a much higher cost and very few people are there in the world to give the excipient grade because it's a 99.99% purity and it can be used as a drug carrier and the vaccine also it can be used. There are several uses for the Albumin derivative. So, several things can be used for the excipient grade. That already we have completed all the validation batches and soon we will file this from our existing biological facility, we are making excipient grade Albumin. And hopefully, I think by March, we should be able to file this the DMF also for that.

Tushar Bohra: So, sir we would need the DMF approvals to be able to supply for excipient grade or whose filing you would be able to approach clients with, how would that work?

Vishnukant Bhutada: It depends on the authority. We will file if they consider us only, then there is no need of coming once again for the inspection and approving it. But some

cases they may do this as approval also. So, it's not nothing, the procedure is not clear in various authorities how they will take it because it's Albumin and it's a drug carrier, very actively involved into the formulation. So, they may think of coming for the inspection also. That is the reason I said, once our facility is ready, this biological bigger facility, we can definitely start immediately the excipient grade at least for sure. Because then it will be a technology transfer from our existing unit to the Biocare unit.

Tushar Bohra: Got it sir. And one last if I may quickly check on the biologics side other than Adalimumab which you mentioned we have launched. What are the other opportunities on the biologic side we are pursuing specifically on CDMO and staying on CDMO on the small molecule, which is API CDMO also, is there any interesting developments that you may want to highlight sir?

Vishnukant Bhutada: Aflibercept Phase 3 studies already we have received the approval from the SEC meeting. Our CT batch is currently going on. So, probably we'll start this by the before March definitely we'll start the Phase 3 study for the Aflibercept. So, which the development is completed, Phase 1 also completed we have received the Phase 3 study approval. So, we will start working on Aflibercept which is again a very good molecule. Nobody is there in the India market other than the innovator.

The second – The current scenario in our biologic is that we will take additionally two products; the development are at a little advanced stage. I'll not be able to disclose the name currently, but the two products biologicals are there. Recently in our investor presentation, we already given that we sign one CDMO project with the Korean customer who has visited our facilities and after seeing our facility he has awarded first product on in a Korea market.

So, that CDMO work already we have started. Every quarter probably two CDMO projects we are thinking that at least two CDMO projects should be added in our biological facility. So, working on a one on an Adalimumab like molecules where we have immediate commercial revenue. Second one on Phase 3 the study will take at least one year for the Aflibercept. So, Aflibercept is a molecule which can go the next two products will come into the pipeline which will give next six months to one year down the line Phase 1 and Phase

3 study will be completing during that time also and the CDMO projects. So, combination of this all will see that the revenue the sustainable revenue should start in the biologics.

Tushar Bohra: Thank you sir. Will join back in queue for more.

Moderator: Thank you. The next question is from the line of Jigar Valia from OHM Group. Please go ahead.

Jigar Valia: Hi, good morning. Thanks for this opportunity. My question pertains to the topical lotion TOP09. So, if you can help understand the nature of the trial and more details around it and where are we doing and how intensive this thing will be? And once we start or initiate say in Q3, typically how long would it go?

Vishnukant Bhutada: About the TOP09 you are asking, right?

Jigar Valia: Yes, the thing which area I mean which part how much we be addressable part for us based on our trials and etc?

Vishnukant Bhutada: We are not able to hear you properly. Could you please tell once again?

Jigar Valia: Yes, I will repeat. Sorry. I have a bad throat. My apologies for that. My question pertains to the topical lotion, alopecia product that we have, and I wanted to understand more with regards to the trials. So, if you can help understand how big are these trials and are we doing it and once we start in Q3 and typically how long will it take? And of the overall global market which is there what is our addressable based on our trials that we are doing right now and the market that we are planning for?

Vishnukant Bhutada: Okay. I think we have given you this, Phase 1 and Phase 2 trials is completed for this particular product. Phase 3 trials, the CT batches are going on. We will start the Phase 3 also of this particular product now and we have a granted patent in India, USA, China, Japan, Korea. I mentioned up to June '2038 we have this granted patent on this, and of course Europe it is still, the US is ongoing.

The global alopecia market was around $8.2 billion in ‘2022 and growing 9%

CAGR till 2030. So, these the end we are trying to launch currently because India itself and the ROW market itself is a huge market. We have already drafted our scientific advice for the EU market and soon we will be receiving from them. US we have received already Phase 3 comment from the US FDA.

So, then once we have this EU and US combined reply, we will probably study to make it and launch into the global market. So, this is what the current scenario of this particular product.

Jigar Valia: So, right now the Phase 3 will be more targeted towards India and ROW markets and after you get the advice from EU, you will incorporate the Phase 3 for EU and US both together. Is this understanding correct?

Vishnukant Bhutada: You are correct.

Jigar Valia: Okay and got it. So, this under EU feedback we will get in Q4 and thereafter we need to plan for Phase 3. So, these would be separate Phase 3 then which one you are doing for India, ROW which you will initiate in Q3 and there will be the separate this thing for US/Europe that you will consider post whatever Q4 or in FY '25. So, that is right and if you can help understand in terms of generally the cost as far as and would there be any monetization before for the US or the Europe?

Vishnukant Bhutada: No, all options will be open. So, today we are not partnered with anyone. So, once we have the Phase 3 study some data is already there with us from the India market that will help us in the monetization of these assets when we go for the EU and US market.

So, answering your specific question, yes, still not monetized but possibility because a lot of people will be interested in such product probably you must have seen several deals into the market where this alopecia market is growing, and a lot of people are interested in such type of products.

Jigar Valia: Right and just generally to understand how big is the India ROW market, I mean in terms of billion dollars or whatever?

Vishnukant Bhutada: Currently, it is not known, but I think more than around $1.5 billion market is there for the India and ROW at least.

Jigar Valia: Great, sir. Got it. For the non-oncology also NUDO7. So, any sense in terms of the incremental cost which are there and would any of these two products be in your monetization pipeline for the next two or three years in the next couple of years?

Vishnukant Bhutada: You are talking on NUD07?

Jigar Valia: The licensing should continue subject to the 483s and all, based on the other pipelines or would these also be potential because for the licensing, we don't understand product specific but whenever these certain large products are involved or the non-products, so it would just be good to understand if which all have been licensed out or monetized?

Alpesh Dalal: So, these products like monetization or licensing strategy would be dependent on would be taken up as we do further development because all these products basically, the longer you go in your development, the better is the licensing in potential. So, we have to strike a balance between the cost and the benefit. So, I think some of these things are regularly monitored at the management team level to determine what should be licensed out at what point in time.

So, I think it would be a little premature to talk about product specific licensing strategy that we would adopt. I think as and when we decide, we progress further, we'll keep updating all of you.

Jigar Valia: Got it. Sir, the other question is with regards to Adalimumab, how is your sense in terms of its contribution towards the current quarter's performance? It's been quite good, but has it been as per your expectations or above that or and has it been a meaningful contributor in or a reasonable contributor in Q2 towards margins or top line and with a marketing partner should this go meaningfully larger?

Vishnukant Bhutada: Early days for us. We are recently launched because as Rheumatoid Arthritis, people will not change so easily. So, once you start with one therapy you have to continue with that therapy. The new patients need to be added or existing patients slowly it will be shifted. So, it is too early to comment on this but by moving by, before March or around April to June quarter, we'll have realistic

figure to comment on this.

Jigar Valia: Understood. That's it. So, I think compliments that for the overall numbers also, for the overall business. And sir, last question pertains to our debt and the finance cost and also we have a pipeline with regards to the products and trials and everything. So, based on this, how should we look at these aspects because whatever we are doing is also quite great but there is a kind of a reflection of it into maybe the debt and the finance cost and overall. So, I mean, if you can help understand how we should look at that part.

Alpesh Dalal: Your voice was not clear. I think You wanted to understand about the increased finance cost and how should we look at it going forward, right?

Jigar Valia: Yes, sir?

Alpesh Dalal: Is that you wanted to know

Jigar Valia: Yes sir.

Alpesh Dalal: Yes. So, see basically, this particular finance cost, if you recall even during our last call we had mentioned that we have raised an NCD, right. And we have reorganized our debt in a manner that, we do not have any repayment burden coming up for a little over two years. So, but we do have an option and an opportunity to start pre-paying after one year. So, based on the cash flow that we generate, what we really wanted to do was, we wanted to provide the right kind of cash flow support for the business to grow.

So, with the help of improved cash flows and all we should be in a position to start paying those NCDs faster and also, we are looking at various other strategic options that we have been contemplating which could result into certain cash coming in, some equity flows coming in and all which could then be utilized to lower the cost. But till the time, we take any such step, the finance cost is likely to remain bit on a higher side.

Jigar Valia: Perfect. Understood perfectly sir. Thank you very much

Moderator: Thank you very much. Participants who wishes to ask question may please press star and one on their touchtone phone. The next question is from the

line of Bhagwan Chodhary from Sunidhi Securities. Please go ahead.

Bhagwan Chodhary: Yes, thanks for the opportunity and congratulations on the good set of numbers. So, one thing on this licensing income, if you can just help me to understand that, what I understand out of this is, there are two ways to look at this. One is that in future this product could have given us a better cash flow if we could have not monetized it. So, one way is looking at this and the other way is that there are the opportunities in the other market where we cannot go directly. So, we are getting some clients from that markets and then we are out licensing to those markets. So, in that scenario, this is a win-win situation for both. Okay. So, I am just trying to understand this out-licensing. It is better, sir? Actually, I am trying just to understand on this out-licensing deal. So, there are two ways to understand this. One is that if we could not have monetized on these molecules. So, one way could have been that in future this could have given a better cash flow to us. So, this is the one way to looking at this and the other way is that there are the other markets where we cannot lease directly. So, some of clients are trying to get these products for those markets and then we are out licensing.

So, I just want to understand that where we are actually. In that scenario, it's a win-win situation for us as well as for the client. So, just you can highlight and just you can share that where we are, what kind of products these are, where we are out licensing, and we are looking at this opportunity.

Vishnukant Bhutada: Answering your questions, the out licensing the deal as Alpesh was mentioning, we are doing at various levels. Some we are doing it once we complete the development and we file the NDA specific. One example I will give the Pemetrexed. We file the NDA, then we licensed it. So, that it was very clear to everyone that it is filed, first query was received and then it is easy licensing because nothing is pending in that.

Second, you complete the pilot bio or any complex development of phase one studies completed and then you go to the licensing partner where we convince them that this is what we have this data, this is what next phase is like this and the signing amount is that and at each milestone, there will be a licensing revenue.

Third one is you complete the pivotal and you are ready for filing like in the oral product one of the classic example recently we filed in the Europe, Nilotinib one product. So, what we have done it, there we completed the pivotal bio and everything and we were probably will get the early launch also in that market. After that we have licensed it with the partner.

So, it's a combination of all Alpesh mentioned already that we do depends on the nature of the product, risk of the product, expenses of the products, how we wanted to hedge it. So, all this take the permutation combination, we discuss as a team internally and we license it, but the majority cases are the 95% cases we make the proof of concept. We come to one certainty where licensing will be very easily can be accepted by the licensing partner. It should be a complex not generic product so that the licensing revenue can be a substantial licensing revenue and continuous licensing revenue not only up to the filing, approval after launch, the life cycle of all these products wherever the licensing we're going to do it, will be not less than three to seven years minimum.

Bhagwan Chodhary: Got it. And second is one question on this peptide developments where we are on semaglutide and therapeutide. What is stage, we are right now and if I understand this is for the CDMO?

Vishnukant Bhutada: No, we are not doing any semaglutide. Who said you that semaglutide we have?

Bhagwan Chodhary: Well, I just I just guessing that this comes under the CDMO part, or this is where we are developing the APIs for this?

Vishnukant Bhutada: No, I don't think such a confidential information we can discuss on this, but I think I can tell you that it is currently we are not doing any sema in our Shilpa project.

Bhagwan Chodhary: Ok. Got it. Thank you

Moderator: Thank you, sir. Participants who wishes to ask question may please press star and one now. We'll take the next question from the line of Vishal Kapoor, an individual investor. Please go ahead.

Vishal Kapoor: Perfect. Thank you. And thank you so much for the opportunity. And the first question is regarding the ODF, the green tea, means which we are manufacturing. I just wanted to ask is it in the Indian market we are targeting or selling it because if you look at the product on the online, we are not able to find it online. So just wanted to ask some something about that?

Vishnukant Bhutada: You are asking film formulation. Am I correct?

Vishal Kapoor: Yes, right. That's right.

Vishnukant Bhutada: Yes, US film formulation. We have launched the five products into the US along with the partner in the US online, nutraceutical and OTC product we already got. It is picking up very well. So slowly we are getting the traction in the online launch. And I think the business is growing that much I can tell you. And we have received very good response from the US market.

Vishal Kapoor: Okay, that's great. And also to check about the green tea films. Is that film, we are selling in the Indian markets as well? If yes, are we selling it through the online channels like B2C or are selling to the normal traditional channels like distributors and like that?

Vishnukant Bhutada: Green tea currently we have very few in India market, but in US market we have launched.

Vishal Kapoor: Alright. Thanks for that and congratulations for the good set of numbers and efforts have been highly appreciated. Thanks

Moderator: Thank you. Participants who wishes to ask question may please press star and one now. Ladies and gentlemen, as that was the last question, I would now like to hand the conference over to the management for closing comments over to you, sir.

Alpesh Dalal: Thank you, everybody for your continued interest in Shilpa. And, we all of us at Shilpa wish you all a very happy Diwali. And, you know, those of you who have got the New Year's coming up, we wish you a very happy and prosperous year to come. Thank you every body .

Vishnukant Bhutada: Thanks everyone.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Shilpa Medicare, we conclude this conference. We thank you for joining us and you may now disconnect your lines. Happy Diwali to one and all. Thank you very much.